

Message Text

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GENEVA FOR MTN DELEGATION

E.O. 11652: N/A

TAGS: PFOR, ECIN, SN, ASEAN

SUBJECT: GOS PUSHES FOR MOVEMENT IN ASEAN

REF: SINGAPORE 4823 (NOTAL)

SUMMARY: ECHOING VIEWS EXPRESSED EARLIER BY PRIME MINISTER LEE, FOREIGN MINISTER RAJARATNAM ON NOVEMBER 21 EXHORTED ASEAN LEADERS TO SUMMON NECESSARY POLITICAL WILL AND AGREE ON THOSE STEPS WHICH WOULD ENSURE ASEAN A PRODUCTIVE AND TRANQUIL FUTURE. RAJARATNAM ALSO PLACED IN DOUBT TIMING OF ASEAN SUMMIT AND PRESIDENT OF SINGAPORE ECONOMIC SOCIETY PRESENTED HIS IDEAS REGARDING ASEAN ECONOMIC COOPERATION. END SUMMARY.

1. PRIME MINISTER LEE, IN NOVEMBER 8 AND 19 EINTERVIEWS WITH AUSTRALIAN AND INDONESIAN JOURNALISTS (PUBLISHED, RESPECTIVELY, BY THE STRAITS TIMES ON NOVEMBER 19 AND 26, STATED THAT TIME HAD FINALLY COME FOR ASEAN LEADERS TO STOP TALKING AND LIMITED OFFICIAL USE

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TO TAKE CONCRETE STEPS TO INTEGRATE ASEAN ECONOMIC

ACTIVITIES. TO MAKE PROGRESS, HOWEVER, IT WOULD BE NECESSARY TO DEFINE ONE'S OBJECTIVE: A FREE TRADE AREA OR A COMMON MARKET? HE OPINED THAT "INTEGRATION" SHOULD OCCUR GRADUALLY SO AS NOT TO DISRUPT EXISTING TRADE PATTERNS; THE SIMPLEST FIRST STEP TO PROMOTE REGIONAL TRADE WOULD BE TO REDUCE TARIFFS. LEE ALSO VOICED BELIEF THAT THERE IS SUFFICIENT POLITICAL WILL PRESENT AT LEAST "TO GET A NUCLEUS GOING" BUT CAUTIONED THAT THERE WOULD BE ARGUMENTS BETWEEN LOWER LEVEL OFFICIALS IN WORKING OUT DETAILS. LEE EXPRESSED WILLINGNESS TO MOVE AHEAD ON A BILATERAL BASIS WITH INDONESIA OR OTHER COUNTRIES WHERE ECONOMIES ARE COMPLEMENTARY BUT HELD OUT HOPE THAT OTHER ASEAN MEMBERS WOULD JOIN ANY SUCH SCHEMES IF THEY PROVED VIABLE. (OTHER POINTS MADE BY LEE BEING REPORTED BY SEPTTEL).

2. FOREIGN MINISTER RAJARATNAM'S SPEECH ON NOVEMBER 21 TO SINGAPORE ECONOMIC SOCIETY WAS FOLLOW-UP TO LEE'S REMARKS REPORTED ABOVE AND, CLEARLY, RAJARATNAM'S MESSAGE WAS AIMED AT A REGIONAL AUDIENCE RATHER THAN SPECIFICALLY AT THE ECONOMIC SOCIETY. RAJARATNAM SANG VIRTUALLY UNCRITICAL PAEAN TO ASEAN AND URGED REGIONAL LEADERS TO GIVE SUBSTANCE TO ASEAN WITHOUT FURTHER DELAY. HE CREDITED THE EXISTENCE OF ASEAN WITH SAVING ITS MEMBERS FROM "GREATER DISARRAY THAN WAS ACTUALLY THE CASE" AFTER THE U.S. WITHDRAWAL FROM VIETNAM. IN ADDITION, RAJARATNAM ABDUCED IN ASEAN'S FAVOR THE INSTILLATION IN MEMBERS OF A HABIT OF CONSULTATION AND COOPERATION WHICH HAD MADE IT POSSIBLE TO "FORGE A CONSENSUS ON MAJOR INTERNATIONAL ISSUES AND PROBLEMS."

3. WHILE NOT DENYING THE PAUCITY OF-FACTLY STATED THAT ITS PERFORMANCE HAD BEEN SUPERIOR TO THAT OF THE UN AND MANY OF ITS AGENCIES. ASSERTING THAT ASEAN COUNTRIES ARE IN CONTROL OF THEIR DESTINIES "AND HAVE THE CAPACITY TO EFFECTIVELY CONTROL AND RESIST SUBVERSION FROM WITHIN AND WITHOUT."

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RAJARATNAM INSISTED THAT THE TIME HAD COME FOR ASEAN STATES TO TAKE THOSE STEPS (UNSPECIFIED) WHICH WOULD MAKE IT POSSIBLE FOR THEM TO COPE WITH PRESENT DIFFICULTIES AS WELL AS CREATE A FUTURE THAT MATCHED THEIR ASPIRATIONS.

4. IN RESPONSE TO QUESTION POSED BY INDONESIAN JOURNALIST, LEE SAID "IT IS IMPORTANT THAT "SUMMIT

SHOULD NOT BE SEEN AS AN EXERCISE MOVE IN THE FORMS OF INTERNATIONAL COOPERATION WITHOUT THE SUBSTANCE OF IT." RAJARATNAM ALSO REFERRED TO THE MUCH HERAEDED ASEAN SUMMIT MEETING AND SAID IT WOULD TAKE PLACE "SOMETIME NEXT YEAR." PM'S STATEMENT AND RAJARATNAM'S USE OF SUCH A VAGUE FORMULATION REGARDING TIMEING OF THE SUMMIT ARE IN LINE WITH PRIVATE COMMENTS MADE ON NOVEMBER 6 TO DCM BY SENIOR MFA OFFICIAL (REFTEL).

5. THE CONTRAST BETWEEN RAJARATNAM'S SPEECH, WHICH WAS LONG ON FERVOR AND HOPE BUT SHORT ON SPECIFICS AND GOALS, AND THAT OF BRIEF INTRODUCTORY REMARKS BY THE PRESIDENT OF THE ECONOMIC SOCIETY, PROFESSOR LIM CHONG YAN, WAS PRONOUNCED. LIM, AN ACADEMIC WHO IS ALSO CHAIRMAN OF THE NATIONAL WAGES COUNCIL, CALLED FOR A "MORATORIUM" ON ASEAN TARIFFS AND NTBS ON INTRA-REGIONAL TRADE. HE EXPRESSED BELIEF THAT SUCH A STEP WOULD ENSURE EFFECTIVE GROWTH IN REGIONAL ECONOMIC COOPERATION BY LEADING AUTOMATICALLY TO AN ASEAN PREFERENCE SCHEME (APS), WHENEVER EXISTING NATIONAL BARRIERS TO EXTRA-REGIONAL IMPORTS ARE RAISED.

6. A SECOND RESULT OF SUCH A MORATORIUM, ACCORDING TO LIM, WOULD BE THE EVENTUAL CREATION OF A DE FACTO ASEAN TRADE LIBERALIZATION SCHEME. LATTER WOULD COME ABOUT, ACCORDING TO LIM'S PROPOSAL, NOT AS RESULT OF POSITIVE ASEAN ACTION TO ELIMINATE BARRIERS TO INTRA-REGIONAL TRADE BUT RATHER, INCIDENTALLY, THROUGH ERECTION BY MEMBERS OF NEW BARRIERS AGAINST NON-ASEAN IMPORTS. LIM ENVISAGED MORATORIUM ONLY AS INITIAL STEP IN ACHIEVING AN ASEAN FREE TRADE AREA (AFTA), THE ULTIMATE OBJECTIVE. FOR AFTA TO BE REALIZED, IT WOULD ALSO BE NECESSARY TO SCHEDULE PERIODIC REDUCTIONS OF EXISTING LIMITED OFFICIAL USE

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TARIFFS AND NTBS ON INTER-ASEAN TRADE SO THAT OVER A PERIOD OF YEARS -- PERHAPS 10 OR 20 -- A FREE TRADE ZONE WOULD IN FACT COME INTO EXISTENCE.

7. IN USING WORD "MORATORIUM", LIM IS NOT SUGGESTING THAT ASEAN COUNTRIES FORGO COLLECTION OF REVENUES GENERATED BY EXISTING TARIFFS, BUT RATHER THAT PRESENT TARIFF LEVELS AND STRUCTURES BE MAINTAINED IN EACH ASEAN COUNTRY. IN PROPOSING A PHASED MOVEMENT TOWARD A FREE TRADE ZONE, LIM IS DOUBTLESS AWARE THAT SUCH MOVEMENT WOULD BE REQUIRED UNDER GATT RULES.

8. WE DO NOT KNOW IF LIM WAS VOICING ONLY PERSONAL VIEWS, OR IF HIS CONCEPT ENJOYS CURRENCY WITHIN THE GOS. HOWEVER, AS A PROPOSAL REQUIRING MINIMAL IMMEDIATE

ACTION ON PART OF ASEAN MEMBERS, LIM'S MORATORIUM CONCEPT
MIGHT BE VIEWED WITH FAVOR IF OTHER PLANS UNDER
CONSIDERATION BY ASEAN COUNTRIES FAIL TO RECEIVE
ESSENTIAL SUPPORT.
HOLDRIDGE

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